COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3327-21
BILL NO.: SS for SCS for HS for HCS for HB's 1566 & 1810 with SA1, SA3(pt 1), SA4, SA5, SA6, SA7, SA8, SA10, SA11, SA12, SA14, SA15, SA18, SA19, SA20, SA21, SA22, SA23, SA24, SA27, SA28, SA29, SA30, SA31, SA32, SA33, SA34, SA36, SA39, SA40, SA41, SA42, SA43, SA45, SA46, SA 47
SUBJECT: Economic Development; Taxation and Revenue; Administrative Rules.
TYPE: Original
DATE: May 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	($4,438,493) to (unknown)	($9,481,626) to (unknown)	($9,799,166) to (unknown)
Tobacco-Dependent Communities Revitalization	$0	$0	$0
Veterans' Commission Capital Improvement Trust	(unknown)	(unknown)	(unknown)
Veterans' Business Council	unknown	unknown	unknown
Workers' Comp.	$0 to ($22,167)	$0 to ($22,167)	$0 to ($22,167)
School District Trust	($1,454,245) to (Unknown)	($1,846,608) to (Unknown)	($1,945,425) to (Unknown)
Conservation Sales Tax	($33,669) to (Unknown)	($33,669) to (Unknown)	($33,669) to (Unknown)
Parks and Soil Sales Tax	($26,934) to (Unknown)	($26,934) to (Unknown)	($26,934) to (Unknown)
Aviation Trust Fund	($284,023) to (Unknown)	($284,023) to (Unknown)	($284,023) to (Unknown)

County Foreign Insurance Tax	$0	$0	Unknown
Total Estimated Net Effect on All State Funds*	**($6,237,364) to (Unknown)**	**($11,672,860) to (Unknown)**	**($12,089,217) to (Unknown)**

***Subject to appropriation from the General Assembly and voter approval.**

FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (Unknown)**

Numbers within parentheses: ( ) indicate costs or losses
This fiscal note contains 51 pages.

FISCAL ANALYSIS

ASSUMPTION

Eligible New Generation Cooperatives: Sec 32.105 to Sec. 32.110;

Officials from the **Department of Economic Development (DED)** state this part of the proposal would expand the neighborhood assistance program (NAP) to allow "eligible new generation cooperatives" to qualify for NAP credits. The DED believes this bill allows certain types of "for profit" organizations (Cooperative Marketing Associations and Cooperative Companies) to qualify for and receive NAP credits. The DED assumes this would make administration of tax

ASSUMPTION (continued)

credits more difficult but believe this could be incorporated with existing staff. Therefore, the DED assumes this proposal will not have a fiscal impact to the state because the NAP credits are capped at a set amount and this proposal would simply create new entries to be eligible for the same amount of NAP credit dollars.

32.105 - Adds Eligible New Generation Cooperatives. - No Fiscal Impact.
32.110 - Dedicates $2.5 million for "neighborhood organizations" - No Fiscal Impact.

Officials from the **Department of Agriculture (AGR)** and the **Office of Administration** assume this part of the proposal will not have a fiscal impact to their respective agencies.

In response to similar legislation from this year, officials from the **Department of Revenue** anticipated an increase in the number of neighborhood assistance credits, however, the increase is unknown. The Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee (a cost of $6,067) for every 130,000 credits filed with this credit (key entry) and one Tax Processing Tech I for every 2,000 credits claimed (processing). The Personal Tax Bureau will also need one Tax Processing Tech I for every 30,000 additional errors generated. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits received.

Oversight assumes the Department of Revenue could request additional FTE to process the additional tax credits if the need arises, but for purposes of this fiscal note, the DOR is assumed to have no additional costs from this proposal. Oversight also assumes this proposal would not have a fiscal impact on the state since the Neighborhood Assistance Program credits are capped and this proposal would only add a different clientele to be eligible to receive the credits. Oversight assumes that $2.5 million of the NAP credits in fiscal years 2002 to 2006 would be earmarked for the eligible new generation cooperatives.

Community Improvement District Act: Sec. 67.1401 to Sec. 67.1551;

The **Department of Revenue (DOR)** states that if the Community Improvement Districts are not made up entirely of already existing political subdivisions, there could be substantial costs to the DOR for the administration (including major expensive system changes) of the new sales taxes that could be approved by voters.

ASSUMPTION (continued)

Officials from the **State Tax Commission (TAX)** states this part of the proposal cleans up ballot/statutory language regarding local option business license and property tax, as well as enables imposition of local option sales tax "for any district purpose". The TAX assumes this proposal would not impact their agency.

Officials from the **City of Springfield** assume this part of the proposal would have no fiscal impact on them, however, they state that since there is a change in who may sign a petition to create a Community Improvement District, there may be a negligible cost impact on a new District creation and renewing existing ones.

Officials from the **City of St. Louis**, and the **City of Kansas City** did not respond to our request for fiscal impact.

Officials from the **DED** assumed this part of the proposal would not fiscally impact their agency.

Oversight assumes that this proposal is permissive and would require voter approval before any fiscal impact to local districts would be realized. Oversight also assumes that any community improvement districts to pass a sales tax would be made up of an already existing local political subdivision, therefore would not create substantial additional costs for the DOR.

Mailing requirements of special business districts: Sec. 71.794;

Officials from the **DED** state this part of the proposal would allow special business districts to send notices for hearings by U.S. mail and assume no fiscal impact to their agency.

Oversight assumes this part of the proposal would have no fiscal impact.

Various modifications to tax credit programs: Sec. 135.200 to Sec. 178.892;

Enterprise Zone Tax Credit Program. Section 135.200 et seq. The DED states that this part of the proposal adds eligible classifications for Enterprise Zones. The DED assumes there would be no fiscal impact.

Missouri Low-Income Tax Credit Program. Section 135.355. The DED states that this deals with low income housing credit recapture of credits and assume no impact to the DED.

ASSUMPTION (continued)

Capital Tax Credit Program. Section 135.400 et all. The DED assumes the redefinition of Community Development Corporation and Missouri Small Business will have no fiscal impact on the DED. The DED assume all of the credits authorized for the Capital Tax Credit Program have been allocated (it was established with a cumulative cap), this part of the proposal establishes credits in the amount of $5 million per year which will result in a negative impact on

TSR. It also dedicates $2.75 million for use in distressed communities and $1 million for pharmaceutical research and development.

Community Bank Tax Credit. Also Section 135.403. The DED states that five hundred thousand annually would be allocated to the Community Bank Tax Credit Program from chapter 32 (Neighborhood Assistance Act). The fiscal impact is projected to result in <u>$4.8 savings for FY 2001 only</u>.

Missouri Small Businesses Tax Credits. Sections 135.408 - 135.423. The DED states that these sections changes the ownership of "small businesses" from a 50% level to a maximum of 65% for investors. The DED also state that the length of time a qualified investment must remain in a small business is changed from 5 years to 3 years. The DED is given authority to revoke and pro-rate collection of credits. Sale of a business does not automatically trigger a revocation if the business continues. <u>No fiscal impact</u>.

Rebuilding Communities and Neighborhood Preservation Act. Section 135.481 et all. The DED states that this amends the Neighborhood Preservation Program and Rebuilding Communities Program. The impact is projected to be <u>revenue neutral</u>.

Distressed Communities Tax Credit Program. Section 135.535 This program change makes minor technical changes to including repealing a version as two different versions are currently printed in the Revised Statutes. This proposal is considered <u>cost neutral</u>. It lowers the percent of employees in a distressed community to 60% from 75%, allows companies to have a maximum of 150 (200 in distressed areas) employees vs 100, allows credits for capital lease or purchase of computer equipment, and increases the per company credit by $75,000 in some instances. Unused credits added to distressed in future years.

Small Business Administration Guarantee Fee Tax Credit. Section 135.766 The DED states this change deletes the credit. This program would basically operate not as an incentive, but as a reimbursement to businesses for fees paid to the SBA to obtain guaranteed financing and to the USDA for rural development and/or farm service agencies. This credit has no cap and was just enacted last year. The revenue impact is projected at a <u>positive $4 million per year.</u>

<u>ASSUMPTION</u> (continued)

Community College New Jobs Training Program. Section 178.892 The DED states this part of the proposal changes the industries that are eligible for the credit by allowing health firms and professional services firms. This should be a <u>revenue neutral</u> proposal but could possibly result in some positive impact on TSR.

Family and Community Trust Act; Sec. 205.571 to 205.577;

Officials from the **Department of Health**, the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, and **Department of Mental Health** assume this proposal would not fiscally affect their agencies.

Officials from the **Department of Economic Development (DED)** state that they assume a Community Development Representative II ($34,992) and a Clerk Typist II ($19,452) plus associated expenses and equipment would be needed to successfully promote the Family and Community Development Trust Act. DED anticipates that a considerable amount of travel costs would be needed for the Community Development Representative II to travel to communities around the state.

The Community Development Representative II would coordinate DED activities associated with the Act. Attendance at meetings, provision of information to the general public, assistance with fund raising, coordination of community activities and other functions related to the program would be conducted by this person.

The Clerk Typist II would provide support for the Community Development Representative II, answer general correspondence and telephone inquiries and do all other functions necessary for a successful program.

DED assumes there would be some costs associated with the board meetings but that some other entity of state government will request funding to cover the cost of meetings.

Oversight assumes the DED would absorb the costs of these two additional employees or would assign the duties to existing staff, as is the current practice for state employees working for the Caring Communities Program.

Officials from the **Department of Corrections** did not respond to our request for fiscal impact.

<u>ASSUMPTION</u> (continued)

Oversight assumes this proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety (DPS)** stated the proposal does not specify where the Board would be housed. For this reason, the DPS assumes they would be responsible for the board. They would require a Clerk Typist III ($22,164), a Computer Information Technologist ($46,080), and a Program Specialist ($46,080) to carry out the duties. The DPS included travel costs for the staff and board members in their fiscal cost estimate which totaled approximately $200,000 annually.

Officials from the **Department of Social Services (DOS)** stated no new costs are anticipated. The eight departments mentioned in the proposal are already working together through the Family Investment Trust board and the Caring Communities Program.

Oversight notes the same seven departments noted above (DPS is not specifically mentioned in the budget) are also in a collaboration known as the Caring Communities Program. Oversight also notes that the duties of the newly created Family and Community Investment Trust (FCIT) board are very similar to those of the Caring Communities program which is fiscally administered by the DOS and governed by the Family Investment Trust Board. Currently, Section 205.565 RSMo, allows the DOS to use, administer, and dispose of any gifts, grants, or in-kind services and to award grants to qualifying entities to carry out the program.

Included in the DOS Fiscal Year 2001 executive budget is a summary of the appropriations requested for the eight executive departments relating to the Caring Communities Program. The appropriations are as follows:

	General Revenue	Federal Funds
Department of Mental Health	$3,881,198	$2,104,583
Department of Health	$2,470,860	$1,218,333
Department of Social Services	$2,555,343	$8,290,000
Department of Elementary and Secondary Education	$2,316,667	$1,158,333
Department of Corrections	$0	$0
Department of Labor and Industrial Relations	$0	$0
Department of Economic Development	$83,333	$166,667
Totals	$11,307,401	$12,937,916

The DOS budget also reflected 20.12 FTE for the Caring Communities Program.

ASSUMPTION (continued)

Oversight assumes this proposal creates the statutory authority for a program that is currently administered by the seven state agencies listed above. As such, all costs included in this proposal are expected to be absorbed in the appropriations noted above.

Defining "Cotton Linters": Sec. 260.285;

Officials of the **Department of Revenue (DOR)** stated this part of the proposal redefines an existing sales tax credit for certain food processors. They assume it will have no administrative impact on the DOR and believe the loss of revenue to the state would be very minimal to non-existent.

The **Department of Natural Resources (DNR)** stated this part of the proposal does not change the department's authority, therefore, DNR will not be impacted.

Officials from the **Office of Administration - Budget and Planning** stated this proposal would have no impact on their agency and have no basis for estimating its fiscal impact on the state. The OA deferred to the fiscal impact estimate of the Department of Revenue.

Various modifications to tax credit programs: Sec. 348.300 to Sec. 620.1560;

Seed Capital Tax Credit Program Section 348.300 et seq. The DED states that this change raises the credit percentage from 50% to 75% for contributions. Also allows for credits if investment was made in previous 3 years. Allocates $3 million in tax credits. The revenue impact is projected to result in a cost of $3 million per year because it is possible that all credits would have been used up prior to the proposed change.

Agricultural Product Utilization Contributor Tax Credit. Section 348.430. The DED states this allows contributors to utilize tax credits against estimated quarterly tax credits. No estimated fiscal impact.

New Generation Cooperative Investment Tax Credit. Section 348.432. The DED states this allows contributors to utilize tax credits against estimated quarterly tax credits. No estimated fiscal impact.

ASSUMPTION (continued)

Brownfield Redevelopment Program. Section 447.708 The proposal allows DED to use the tax credits offered through this program for demolition that is not part of the voluntary remediation activities, as long as the demolition is part of a redevelopment plan approved by the local government entity and the DED. This program is discretionary so the change does not have a fiscal impact.

Officials from the **Department of Natural Resources (DNR)** state this part of the proposed legislation creates a demolition tax credit. However, since the department does not know the amount of tax credits that may be approved, the department is unable to determine the impact on total state revenues. The DNR assumes they will be able to recover any costs associated with reviewing the demolition tax credit. The revenues generated for this activity would not be considered part of total state revenue.

The DNR states the proposed legislation would allow for demolition tax credits for up to one hundred percent of the costs of demolition that are not part of the voluntary remediation activities. The department would have to approve any tax credits authorized by this provision.

Before the DNR approves the demolition tax credit, the participant will have to demonstrate to the department that hazardous substances are not contained within or beneath the structure. This demonstration could be made in the documents the DNR reviews during their preliminary review, if the documents are comprehensive enough. However, if the initially reviewed documents are not comprehensive and leave some doubt as to whether hazardous substances are within or beneath the structure, then the department would ask that additional investigations be conducted.

The DNR estimates 25 to 30 sites per year. The DNR also estimates the review time to approve the tax credit, as illustrated above, is apt to vary depending on the adequacy of the data submitted. If only a preliminary review is necessary, the review time would be approximately 6 hours. If review beyond the preliminary review is needed, the review time could increase to approximately 16 hours. The department does not anticipate being significantly impacted by these provisions. However, if the number of sites exceeds our expectations, we may need to request additional resources.

The DNR has the authority to cost recover any costs associated with reviewing the demolition tax credit. The associated cost for a 6 hour review is approximately $400 (ES III salary $3,308 x 12 months / 2,080 annual hours = $19.08 x 3.5 multiplier = $66.78 hourly rate x 6 hours). The associated cost for a 16 hour review is approximately $1,068 (ES III salary $3,308 x 12 months /

<u>ASSUMPTION</u> (continued)

2,080 annual hours = $19.08 x 3.5 multiplier = $66.78 hourly rate x 16 hours). The amount of increased revenues depends on the number of demolition tax credits the department reviews and the amount of time to review each. Since the DNR does not know the number of applications that would be submitted or the amount of time it would take to review, the amount of increased revenues would be unknown.

Reporting requirements of the DED: Sec. 620.017; The DED states this part of the proposal required them to comply with additional reporting requirements and provide an annual report to the General Assembly on the use of incentives. <u>No fiscal impact</u>.

Missouri Job Development Fund (Customized Training Program) Section 620.470 et seq. This change proposes to allow for training through consortiums (where large and small companies that have similar training needs can join together). The fiscal impact is projected to be a neutral.

Research and Development Tax Credit. Section 620.1039 The proposal allows the credits to be transferred, sold or assigned. The credit amount is reduced from $10 million to $9.7 million. The fiscal impact of this change is projected at a cost savings of $300,000 per fiscal year. This fiscal impact will be offset by the transfers of an estimated $6 million earned credits in fiscal year 2001 for a net impact of a negative $5.7 million and then a positive impact of $300,000 per subsequent years. New language in Research and Development tax credit allows for a 13% tax credit for companies located in distressed communities. For companies with fewer than 150 employees located in a distressed community, the tax credit could be either 30% if the company is less than 3 years old or 20% if older than 3 years. Requires that 25% of cap ($9.7 million) or $2,452,000 in tax credits be set aside for companies in distressed communities.

Section 620.1400 et seq. The proposal combines the Mature Worker Program and the Individual Training Account (ITA) Program and changes the name to Skilled Worker Program by establishing that the Skilled Worker credits can be used in non-distressed communities for child care and other high-demand industries. As currently written, the program is only for training in distressed communities. The proposal allows for consortiums to provide skill training and qualify for the credit. The proposal also establishes a tiered system of awarding credits which allows for limited credits to be authorized for training for workers earning higher wages in distressed communities. The proposal essentially combines two program DED is trying to implement by making changes so that the training credits are tiered:

- Employees whose wages are under 200% of poverty (max $2500 per)
- Employees whose wages were over 200% of poverty (max $1500 per)
- Mature Workers in a high demand industry (max $2500 per)

ASSUMPTION (continued)

The fiscal impact is projected to be an annual savings of $4 million since the annual limit was reduced from $6 million to $2 million.

Mature Worker Tax Credit Program. Section 620.1560 The DED assumes the repeal of this program would result in a positive impact on total state revenue of $2 million for FY 2001 only.

The DED assumed the need for one (1) additional FTE, an Economic Development Incentive Specialist II (at $36,468 annually) to cover increased work associated with the Capital Credit and Research Tax Credit programs. The DED assumes, by making these programs more review will need to be conducted. The DED also anticipates the need for associated expenses and equipment.

Oversight assumes the DED could administer the changes specified in this proposed legislation with existing resources and have not reflected the costs of an additional FTE.

Officials from the **Department of Revenue (DOR)** state they do not anticipate an increase in the number of tax credits received and therefore will not request additional FTE at this time. However, if the number of tax credits increases, the Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee (a cost of $6,067) for every 130,000 credits filed with this credit (key entry) and one Tax Processing Tech I for every 2,000 credits claimed (processing). The Personal Tax Bureau will also need one Tax Processing Tech I for every 30,000 additional errors generated. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits received.

Tobacco Dependent Community Tax Credit: Sec. 620.1575;

In a similar proposal from this year, **Department of Economic Development** (DED) officials stated the proposal creates a grant program to provide assistance to communities with economies dependent on tobacco production. Grants would be issued by DED to assist with creating new sources of income for communities affected by loss of tobacco related revenue, due to the Tobacco Settlement. DED assumes personnel, equipment and expenses would be needed to implement the proposal, but the amount of operations budget would depend on clarifying language. (NOTE: Officials note that there are twenty-five counties which have U.S. Department of Agriculture tobacco quotas. There are 318 cities in those counties.)

ASSUMPTION (continued)

For purposes of this note **Oversight** assumes:

1) unknown revenues from the General Revenue Fund would be appropriated to the Tobacco-Dependent Communities Revitalization Fund for grants;

2) unknown expenditures for grants to the sponsoring organizations and ultimately to the tobacco-dependent communities would occur;

3) unknown administrative costs would be incurred by the Department of Economic Development;

4) grants and administrative costs would equal income from appropriations to the Tobacco-Dependent Communities Revitalization Fund; and

5) Political subdivisions would receive income in the form of the grants.

The **Department of Agriculture, State Treasurer's Office, University of Missouri - Outreach & Extension, and the Department of Health** assumed in a similar proposal, that this would not fiscally impact their agencies.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 30 new pages of regulations in the Code of State Regulations at a cost of $26.50 per page, and 45 new pages in the Missouri Register at a cost of $22.50 per page. Costs due to this proposal are estimated to be $1,808, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Senate Amendment 1: technical change to Sec. 67.1461;

Oversight assumes this amendment corrects a grammar error and has no fiscal impact.

Senate Amendment 3(part 1): Community Comeback Act - Sec. 67.478 - Sec.67.493;

In response to similar legislation from this year, officials from **St. Louis County** state this is authorizing legislation and would allow them to put a vote before the people of St. Louis County. If passed, St. Louis County anticipates additional revenue of $5 million to $6 million per year.

In response to similar legislation, officials from the **Department of Revenue (DOR)** state this proposal creates the Community Comeback Act for eradication of blight and neighborhood revitalization in St. Louis. The DOR assume this proposal will have no fiscal impact on their agency.

Officials from the **City of St. Louis** states this proposal deals with St. Louis County and would have no fiscal impact to the City.

In response to similar legislation from this year, officials from the **Department of Economic Development (DED)** assume the proposal will have no fiscal impact on their agency.

In response to similar legislation, officials from the **Secretary of State's Office** state this proposal outlines the issuance of bonds, appointment of trust board members, required audits, appointment and function of an advisory board, etc. They assume this proposal will have no fiscal impact on their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of voters not passing such proposal to voters approving the measure in August, 2000. This proposal has an emergency clause so the effective date of the tax could be as early as October 1, 2000, therefore, eight months of revenue is estimated for FY 2001. Oversight also assumes a growth rate of 2% for future fiscal years.

ASSUMPTION (continued)

Senate Amendment 4: Gaming Boats - Sec. 1;

Oversight assumes this part of the proposal will not fiscally impact the state.

Senate Amendment 5: Tax Credit for New or Expanded Business Facility - Sec. 135.100;

Oversight assumes the expanded definition of "revenue-producing enterprise" could have and unknown negative fiscal impact to the state if more companies can participate in the tax credit for expanded business facility.

Senate Amendment 6: Skills Development tax credit - Sec. 620.1420;

Oversight assumes SA 6 allows long term care facilities to be classified as a "high demand industry" in order to qualify for the skills development tax credit, which will not have a fiscal impact on the state since the tax credit is capped at two million annually.

Senate Amendment 7: Missouri Agricultural Investment Tax Credit Act - Sec. 135.918;

Officials of the **Department of Revenue (DOR)** state this portion of the proposal allows a 10% credit for any individual or corporate farmer up to $500 for any section 179 (depreciable and written off) property purchased. Credit may be carried back 3 years and forward 5 years.

This is a 10% credit up to $500 for certain equipment that is expended under section 179 of the internal revenue code. It is a corporate tax credit as well as an individual credit. Both the COINS (corporate) system and the MINITS (individual) system will be impacted. The tax credit tracking system will also be impacted since the credit may be carried back 3 years and forward 5 years. Each system change will require 300 hours of programming (900 total). One Tax Processing Technician will also be required to administer this new credit. The State Data Center will charge $5,000 to test and implement these changes.

Officials of the **Department of Agriculture (AGR)** state this proposal would not fiscally impact their agency.

ASSUMPTION (continued)

Oversight was unable to locate any empirical data in order to estimate the fiscal impact of this portion of the proposal. Therefore Oversight, for purposes of this fiscal note, has shown the fiscal impact of this portion of the proposal as an unknown loss to General Revenue.

Senate Amendment 8: Sixth Housing Commissioner - Sec. 99.053;

Department of Economic Development- Missouri Housing Development Commission officials stated there would be no fiscal impact to their Commission.

City of St. Louis officials assume no fiscal impact.

Senate Amendment 10: Jackson County governing legislative body's powers - Sec. 64.090;

Oversight assumes this amendment gives the governing legislative body powers over the executive of the county by taking away part of the veto power. Oversight assumes this proposal has no fiscal impact.

Senate Amendment 11: Family Development Account Program - Sec. 208.750;

Oversight assumes this amendment is technical change to add the definition of "Accredited institution of higher education" as referred to in Sec. 208.760 and has no fiscal impact.

Senate Amendment 12 (pt 1): BIDCOs - Sec. 620.1733 to Sec. 620.1787;

In response to a similar proposal from this year, officials from the **Department of Economic Development (DED)** stated this part of the proposal authorizes the licensing and regulation of BIDCOs with activities necessary to the use of certain SBA funds by Missouri.

The DED believes that there would be 10 BIDCOs in Missouri. The DED assumes, given the nature of the applications and the rigorous solvency/exam requirements, they would require a full

time examiner (at $35,000 per year) to take applications, review same, issue licenses and conduct examinations as needed. The DED assumes they will be able to set licensing fees to effectively offset their costs.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Economic Development's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 22 new pages of regulations in the Code of State Regulations at a cost of $26.50 per page, and 33 new pages in the Missouri Register at a cost of $22.50 per page. Costs due to this proposal are estimated to be $1,326, the actual fiscal impact would be dependent upon the actual rulemaking authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Attorney General's Office**, the **State Treasurer's Office** and the **Office of the State Courts Administrator** assumed no fiscal impact from this proposal.

Senate Amendment 12 (pt 2): Missouri Veterans' Business Council - Sec. 313.835 to Sec. 620.1720;

Officials from the **Department of Economic Development (DED)** assume the proposed legislation would create the Missouri Veterans Business Council with the DED and authorizes $2 million in tax credits. The DED is to conduct an outreach program for veterans wanting to start a new or expand an existing business, make grants and loans, and administer the tax credit program. The DED assumes the $2 million in tax credits are authorized beginning in January, 2002, and, therefore, would be claimed beginning in FY 2003.

The DED states there are 563,000 veterans in Missouri according to the Missouri Veterans

ASSUMPTION (continued)

Commission. The DED assumes that approximately half of those are of an age to start or operate a business. The DED assumes the Office of Veterans Business will be established within the DED. This office will have similar certification authority to the OA/Minority Procurement Office, however, this office will have more responsibility. The DED estimates it will need 10 FTE to coordinate the activities created by this proposal. The DED assumes it will provide technical assistance to veteran businesses, and will be responsible for financial and incentive packages.

The DED assumes that no promotion could begin without appropriation. The bill would go into effect in August of 2000 (FY 2001) and DED assumes the loans and grants could be made immediately upon funding of the program. Tax credit donations would not be in the Missouri Veterans Business Council Fund, but funds could be placed there from the Missouri Veterans Commission Capital Improvement Trust Fund.

The DED assumes the need for one (1) Market Development Program Coordinator, one (1) Clerk Typist II, one (1) Planner II, one (3) Economic Development Program Specialists II, one (1) Accountant I, one (1) Public Information Specialist I, and one (2) National Marketing Specialists II.

The DED also assumes there will be expenses associated with board meetings for the newly created Missouri Veterans' Business Council. There will be 15 board members and the DED assumes a minimum of 4 meetings per year. The annual expenses related to board meetings is estimated by the DED to be $14,620.

The DED also assumes an appropriation of $1,000,000 from the General Revenue Fund will be required to implement both the Microloan program and the revolving loan fund in each of the first three fiscal years.

Oversight assumes the DED could administer this program with an addition of two staff per specified office in Springfield, Kansas City, and St. Louis. Oversight also assumes the DED could contract out the necessary marketing services at a cost of $25,000 in the first year instead of retaining staff dedicated to that purpose.

Officials from the **Office of the Secretary of State (SOS)** assume the proposed legislation would require the printing of additional pages in the *Missouri Register* and the *Code of State Regulations* and have estimated a publishing cost of $1,928 for FY 01. Additionally, future costs are unknown and depends upon the frequency and length of rules filed, amended, rescinded or

<u>ASSUMPTION</u> (continued)

withdrawn.

While this bill alone would not require SOS to acquire additional staff, SOS assumes the cumulative effect of other bills that require rulemaking may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of the State Treasurer** assume the proposed legislation would have no fiscal impact on their agency.

In response to a similar proposal from this year, the **Department of Public Safety, Missouri Veterans' Commission**, the **Office of Administration**, and the **Missouri Gaming Commission** stated the proposed legislation would not fiscally impact their respective agencies.

Officials from the **Department of Revenue (DOR)** state that the number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation, Personal Tax Bureau will need one Tax Processing Technician I for every 2,000 new credits claimed per year (processing) and one Tax Season Temporary for every 130,000 credits claimed per year (key entry). Also, one Tax Processing Technician I will be needed for six months for every 30,000 additional individual income tax errors generated from this legislation and one Tax Processing Tech I for every 3,000 pieces of correspondence generated from this legislation. The Business Tax Bureau will need one Tax Processing Tech I for every 3,680 credit claims received on corporate tax.

The DOR assumes this legislation will require modifications to the income and corporate tax systems and credit application system. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, at a cost of $41,617. Modifications to the income tax return and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of $9,007 is requested for implementation costs and $451 will be needed for on-going costs.

Oversight assumes the DOR will make necessary programming changes in FY 2001 and that

additional personnel will not be required to process the potential $2,000,000 of tax credit vouchers in FY 2003.

Senate Amendment 12 (pt 3): Rules affecting small businesses - Sec. 620.050 to Sec. 620.060;

Officials of the following agencies stated that they promulgate no or very few rules which might require the small business impact statements and could carry out duties required by this proposal with existing resources: **Department of Revenue**, **Department of Health**, **Department of Mental Health**, **Department of Higher Education**, **Gaming Commission**, **Missouri Department of Conservation**, **Office of Administration - Commissioner's Office**, **Department of Transportation**, **State Treasurer**, **State Auditor**, **Lieutenant Governor**, **Governor**, and **House of Representatives.**

Officials of the **Department of Natural Resources** assumed additional staff time and resources would be required when promulgating new rules which would impact small businesses. In addition, the department estimates staff time and resources would be required to document and substantiate (to the level in this legislation) the necessity of existing rules affecting small businesses. When promulgating new or revised rules, the department would be responsible for proving the continued need for the rules and the degree to which technology, economic conditions, and other relevant factors may have diminished or eliminated the need for maintaining the rules.

Small businesses may file a petition with rulemaking agencies objecting to rules affecting small businesses, including rules in effect prior to the effective date of this bill. The department has 60 days after the submission of the petition to determine whether the impact statement or the public hearing addressed the actual and significant impact on small business. The department assumes all of our rules would be subject to this provision. The department is unable to determine the fiscal impact of this provision.

Agencies shall submit a biennial report to the board, listing rules that affect small businesses , the public purpose or interest for the rule, and why continued implementation is justified. The initial report to the board would require additional resources. Subsequent reports would require the department to examine the rules for: duplication; changes in technology or economic conditions; or any undue barriers to small businesses as outlined in this proposal. The department is unable to determine the fiscal impact of this provision.

ASSUMPTION (continued)

Officials of the **Department of Agriculture** indicated that they would request at least two additional employees to prepare small business impact statements, perhaps more than one, for the Small Business Regulatory Review Board; prepare fiscal notes, in addition to those already required by Chapter 536; determine if special consideration can be given to small businesses for all rules; prepare cost/benefit statements; prepare lists of rules which affect small businesses; and determine when penalties can be waived.

Costs for the two employees, including fringe benefits and expense and equipment would be a little more than $100,000 per year.

Officials of the **State Tax Commission** indicated that their agency might need an economist or full time analyst to: 1) investigate and formulate impacts of rules, 2) meet the requirements for hearings and analyses of rules for the Small Business Regulatory Review Board, 3) conduct in-house hearings, 4) advise small businesses, and 5) defend challenges to existing rules. They also noted that their agency promulgates few rules; therefore, any additional help required would be requested through decision budget items.

Officials of the **Secretary of State** note that this bill would creation of small business regulatory review board. Based on experience with other divisions, the rules, regulations and forms issued by the Small Business Regulatory Review Board could require as many as twenty two pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in *Missouri Register* as in the *Code* because cost estimates and fiscal notes are not repeated in the *Code*. The estimated cost of a page in the *Missouri Register* is $22.50. The estimated cost of a page in the *Code of State Regulations* is $26.50. The estimated cost of publication in FY's 2001 and 2002 for this proposal is $1,325.50. Actual cost could be more or less and costs in future years would depend upon frequency and length of rules filed, amended, rescinded or withdrawn.

This part of the proposal alone would not require the Secretary of State to hire additional personnel; however, the cumulative effect of several bills requiring rulemaking activity could require additional resources.

The proposal also requires agencies to file proposed rules and a small business impact statement with the small business regulatory review board. The impact statement is not currently filed with proposals of rulemaking submitted to the Secretary of State. If the impact statements must be published then the Secretary would publish 1,405 additional pages in the *Missouri Register* each year, assuming 1125 proposed rules with 1.25 page impact statements, at a cost of $31,635 per

<u>ASSUMPTION</u> (continued)

year. It is assumed that the impact statements would not have to be published.

The proposal requires agency rules be reviewed by the new Board every other year. Rules could be amended or rescinded. If seven percent (7%) of rules would be changed during initial reviews, 350 *Code* pages would be published. Approximately 175 *Register* pages would be published. Costs for publication in future years would depend upon the number of rules changed due to reviews. Costs for FY 2001 and FY 2002 are estimated at $22,413.

Officials of the **Department of Social Services** assumed there would be additional costs for evaluating rules for applicability to small businesses, preparing small business impact statements for the Board. They assume costs would be to various state and federal funds. They would not expect costs to any one fund to exceed $100,000 in a given year.

Officials of the **Department of Labor and Industrial Relations** (DOL) noted that many of their rules are governed by federal requirements, one of which is that rules treat everyone equally. Treating one group of employers differently than others could violate federal equal treatment requirements and endanger Missouri employers' FUTA credits and DOL's administrative funding for the unemployment insurance program.

Given that, there would be the additional duties of reviewing rules for applicability of this proposal, preparing small business impact statements, revising rules and answering petitions from small businesses. DOL officials noted that 156,962 of 161,029 businesses in Missouri report having less than 100 employees. They would request a Claims Supervisor IV to carry out new duties required by the proposal.

Officials of the **Department of Insurance** indicated that many insurance companies, Health Maintenance Organizations, third party administrators would qualify as small businesses. Many Department rules could be affected by this legislation. They can not estimate the cost of this proposal. They would request additional resources at a later time when they could more accurately determine the impact of the proposal.

Officials from the **Office of the Attorney General** noted that the effect on their office would depend upon the number of additional cases to be defended under terms of 610.028. They would request additional resources through budget decision items as needed.

Oversight has assumed that the fiscal impact would be unknown costs, over $100,000.

ASSUMPTION (continued)

Senate Amendment 12 (pt 4): Redevelopment plans, project or area - Sec. 99.820;

Oversight has assumed that the fiscal impact would be unknown costs at the local level.

Senate Amendment 14: Small Business Advocate - Sec. 26.620;

Officials from the **Department of Economic Development (DED)** state this proposal establishes a small business advocate within the Lieutenant Governor's Office. The duties of the small business advocate include providing advice and support to small businesses in adjudicatory and contested proceedings, negotiating small business matters with federal, state and county agencies, promoting rules and laws favorable to small businesses, and referring matters to the State Auditor. The small business advocate is required to submit an annual report to the General Assembly. The DED assumes this proposed legislation will not fiscally impact their agency.

Officials from the **Lieutenant Governor's Office (MLT)** state this proposal would provide small businesses representation before any adjudicatory or contested proceeding involving any civil citation issued by a state or county agency in which the small business is a party. The MLT assumes the Small Business Advocate may provide advice and support to any small business during any adjudicatory or contested proceeding involving any civil citation issued by a state or county agency in which the small business is a party.

According to the DED, there are 156,962 businesses in the state of Missouri that would fall within the definition of a small business (a for profit enterprise consisting of fewer than 100 full time or part time employees) for purposes of this proposal. The MLT states that if only 30% of those businesses, per year, called the office of the Small Business Advocate for legal representation, that would be 47,088 cases per year.

The MLT assumes they would need forty-six (46) FTE to implement this proposal. They would consist of one (1) Executive Director (at $62,500 annually), forty (40) staff attorneys (at $29,000 annually), one (1) paralegal (at $25,000 annually) and four (4) legal secretaries (at $22,785 annually). All salaries comparable with similar positions in the Attorney General's Office.

The MLT also assumes the need for appropriate office furniture (chairs, bookshelves, file cabinets, etc.), computer equipment, telephones, office supplies and legal supplies. Also needed would be at least five copiers, printers, typewriters and scanners.

<u>ASSUMPTION</u> (continued)

The MLT would also be responsible for housing the new small business advocates office. The Office of Administration has informed the MLT that 200 square feet would be needed per person - for a total of 9,200 square feet. At an average rental rate of $11.80 per square foot, this would total $108,560 per year for leasing. Also, needed would be expenses such as janitorial services ($9,200) and utilities ($14,720).

Other expenses to be considered but that are unknown amounts would be: travel expenses; telephone service charges; Internet service charges; mailing charges; administrative supplies; and professional development.

Officials from the **State Auditor's Office** and the **Governor's Office** assume this proposal will not fiscally impact their respective agencies.

Oversight assumes this proposal would generate an unknown caseload for the newly established Small Business Advocate. Oversight assumes the program can be established in the Lt. Governor's Office with three FTE, an Executive Director, one staff attorney and one legal secretary until such time a better assessment of the future caseload can be determined.

Senate Amendment 15: Pharmaceutical Research and Development - Sec. 135.406;

Oversight assumes this proposal only redistributes the tax credits available, and therefore, would have no fiscal impact.

Senate Amendment 18: Missouri Housing Development Commission - Sec.

1.1;

Officials of the **Missouri Housing Development Commission** can not estimate the cost of developing the required plan.

State Courts Administrator officials report that 4,321 traffic cases were filed in circuit court in the 22nd judicial district in 1999. They also note that the vast majority of traffic cases are filed in municipal court. It is not clear whether the $5 surcharge would apply to violations of municipal traffic ordinances.

ASSUMPTION (continued)

Oversight assumes that: 1) the Housing Development Commission would incur costs to develop a priority plan for renovating housing in the City of St. Louis and that those costs would be paid from the General Revenue Fund, 2) officials of the City of St. Louis would realize unknown revenue from the sale of bonds in all three fiscal years, and 3) officials of the City of St. Louis would realize unknown income from the $5 surcharge on court costs for traffic violation cases.

Senate Amendment 19: Springfield Community Improvement District - Sec. 67.1442;

Officials of the **Department of Economic Development** assume no fiscal impact to their department.

City of Springfield officials assume this proposal is permissive and would have no fiscal impact to Community Improvement Districts unless, the District Board of Directors would consent to the relocation or removal of property from the district.

Oversight assumes this proposal is permissive and would have no fiscal impact. To remove property or relocate property from a Community Improvement District would require a hearing by the City, and approval by the District Board. Before any action to remove or relocate property the district would have to meet any financial obligation excluding the revenues generated by the property being removed.

Senate Amendment 20: Covenant not to compete - Sec. 334.108;

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Social Services**, the **Department of**

Conservation, and the **Department of Transportation** assume this proposal would not fiscally impact their agencies.

Senate Amendment 21: Sec. 71.014;

Oversight assumes this amendment will have no fiscal impact.

Senate Amendment 22: Personal Liability ;

ASSUMPTION (continued)

Oversight assumes this amendment will have no fiscal impact.

Senate Amendment 23: Kansas City landlord - Sec. 82.1050 ;

Oversight assumes these registration requirements would not directly affect any source of revenue for Kansas City

Senate Amendment 24: Insurance Premium Tax - Sec. 148.400 ;

Oversight assumes this proposal would be revenue neutral over several years. It would initially reduce refunds of premium taxes, but would reduce liability in subsequent years. The proposal would not have an effect until FY 2003, when it would be an unknown increase in the General Revenue Fund and the County Foreign Insurance Tax Fund from the reduction in refunds issued.

Senate Amendment 27: Community Comeback Act - Sec. 144.757 ;

Oversight assumes the fiscal impact has been described in SA 3.

Senate Amendment 28: Contract performance ;

Oversight assumes this proposal would have an unknown negative fiscal impact on the state and political subdivisions.

Senate Amendment 29: Community Improvement Districts - Sec. 67.582 -

Sec. 67.700 ;

Oversight assumes this amendment will have no fiscal impact.

Senate Amendment 30: Workers Compensation Insurance premiums - Sec. 32.115;

ASSUMPTION (continued)

Officials from the **Department of Labor and Industrial Relations** and the **Department of Revenue** assume this proposal would not fiscally impact their agencies.

Department of Insurance (**INS**) officials assume that contributions for neighborhood assistance would be made by workers compensation insurers in the same proportion that other insurers have made such contributions. INS states that on an annual basis, insurers took credit for neighborhood assistance of .003% of net premiums. INS states that annually workers compensation insurers during 1996-1998 wrote a mean net premium subject to tax of $738,916,068. Neighborhood assistance tax credits at a rate of .003% of this figure would be $22,167 annually. INS estimates a range of $0 - $22,167 annually in decreased premium tax is being show as the fiscal impact to the Workers Compensation Fund.

Officials from the **Office of Administration - Budget and Planning** deferred to the revenue estimates provided by INS. The proposal would have no impact to their agency.

Senate Amendments 31 and 32 - Joint Municipal Utilities

DNR officials also note that there is a provision in the proposed legislation that would allow two or more municipalities, public water supply districts, sewer districts, non profit water companies or nonprofit sewer companies to enter into a joint contract. Under the State Revolving Fund loan program, not-for-profit companies are not eligible under the wastewater (clean water) program, though they are under the drinking water SRF program. Officials note it is unclear at this time whether or not the inclusion of a not-for-profit as a member of a municipal corporation would disqualify that corporation from participating in the wastewater SRF.

Senate Amendment 33 - Tax Increment Financing - Section 99.845;

Oversight assumes no fiscal impact as the taxing district would need to register its approval by adoption of a resolution.

Senate Amendment 34 - Income Tax Credit - Section 135.760;

Officials of the **Department of Revenue (DOR)** state according to the Federal Statistics of

ASSUMPTION (continued)

Income Bulletin, there were 393,452 Missouri taxpayers that received an earned income tax credit on their federal return in 1997. The Division of Taxation indicates this credit would have a .5% impact to the new income tax process. Therefore, one temporary tax season employee would be needed for five months (at a cost of $6,065) in order to process these credits, and two Tax Processing Tech I's would be needed in order to review and correct the errors generated by this legislation.

Additional funding for postage would be needed in order to notify potentially eligible filers, as required in this legislation. The Division of Administration indicates the basic postage for an automated mailing is $.27 per notice. However, the number of taxpayers needing notification is unknown at this time.

This legislation would require modifications to the income tax system. The Division of Taxation estimates these modifications, including programming changes, would require 1,427 hours of programming and supervision at a cost of $27,144. Modifications to the income tax return and schedules would be completed with existing resources. The State Data Center charges would increase due to the additional storage and fields to be captured. Funding in the amount of $9,288 would be requested for implementation costs and $890 for ongoing costs per year.

According to officials at the **University of Missouri**, there was a total of $600.8 million in federal earned income tax credits filed with a Missouri address for 1998. Using the .5% proposed for a Missouri earned income tax credit, this would calculate to $3.004 million state impact.

For purposes of this fiscal note, **Oversight** has assumed that for FY 2002, 90% of taxpayers who use the federal credit will use the state credit. For FY 2003, **Oversight** assumes that 95% of taxpayers who use the federal credit will use the state credit. **Oversight's** estimate is based on the amount of earned income tax credit claimed in Missouri for tax year 1998 according to the University of Missouri Research Center ($600,800,000). **Oversight** assumed an annual growth rate of 1.7%. **Oversight's** assumption is based on conversations with other states that currently have an earned income tax credit in place and the provision in this proposal that requires the Department of Revenue to notify potentially eligible filers.

Senate Amendment 36 - Springfield Convention and Sports Complex;

ASSUMPTION (continued)

Oversight assumes, for purposes of this fiscal note, that the revenue impact of this portion of the proposal would be a negative unknown loss to state and local government from the additional appropriation and the sales tax revenue which will be used for repayment of any indebtedness incurred for the project.

Senate Amendment 39 - Kansas City distressed community - Sec. 135.530;

Oversight assumes, for purposes of this fiscal note, that this amendment has no fiscal impact.

Senate Amendment 40 - Caring Communities - Children's Services Commission Oversight Board;

Oversight assumes no fiscal impact as the amendment deletes a section of the Senate Substitute that is already included in this fiscal note as having no costs associated. Oversight also assumes the portion of the amendment that deals with a title change will not have a fiscal impact either.

Senate Amendment 41 - Sports Complex sales taxes;

Office of the State Treasurer assumes no fiscal impact.

Officials of the **Department of Revenue** stated this proposal would have no administrative impact on the Department, however, there would be fiscal impact to certain state funds. Officials stated fiscal impact is unknown.

SECTION 1 (1): JACKSON COUNTY

Officials of the **City of Kansas City Manager's Office** assume that the sales tax revenues at issue are collected by the state and would have no fiscal impact to Kansas City revenues.

Officials of the **Jackson County Sports Complex Authority** made some sales tax income estimates based on the state tax rate of 4.225%. Officials estimated that in 1999 the sales tax revenues generated at both sports complexes totaled $3,129,512.

SECTION 1 (2): ST. LOUIS

<u>ASSUMPTION</u> (continued)

Officials of the **Office of Administration Division of Budget and Planning (OA)** stated if the State's portion of all sales tax revenue were to go into the St. Louis Sports Facility Fund there would be a loss of revenue to the State's General Revenue Fund and School District Trust Fund.

OA officials estimate the annual loss of revenue to the General Revenue Fund for the calendar year of 2000 at $2,184,000 and a loss of $728,000 to the School District Trust Fund. Officials stated that these estimates assume that the proposal applies only to the 4% statutory state sales tax and that parking fees are not subject to sales tax.

Oversight for the purposes of this fiscal note assumes this proposal would be effective September 1 of fiscal year 2001. Therefore, FY 2001 loss of revenue will be figured for 10 months with a one month lag for collections. Oversight assumes that for 10 months of FY 2001 the loss of revenue to the General Revenue Fund would be $1,687,140 and the loss to the School District Trust Fund would total $562,380. Loss of Revenue for FY 2002 for the General Revenue Fund is estimated to be $2,317,006, and loss of funds to the School District Trust Fund is estimated to be $722,335. Loss of revenue in FY 2003 to the General Revenue Fund is estimated to be $2,386,516, and $795,505 to the State's School District Trust Fund.

Oversight assumes that the state's portion would be 4% rather than 4.225% and calculated the revenue loss based on that assumption. Oversight assumed a 3% growth rate for inflation.

St. Louis County officials assume no fiscal impact.

Senate Amendment 42 - Regional Research Consortia;

Oversight assumes, for purposes of this fiscal note, that this amendment has no fiscal impact.

Senate Amendment 43 - Tax Increment Financing - Sec. 99.845;

Oversight assumes there would be an unknown loss to the state general revenue fund if the General Assembly appropriates fifty percent of the new revenues generated by the new authority.

This would be an increase in funding for the local political subdivision for these new revenues. In addition, the local political subdivisions would lose any reductions in tax amounts.

Senate Amendment 44 - Aviation Trust Fund - Sec. 144.805 to Sec. 305.230;

ASSUMPTION (continued)

In response to similar legislation, officials from the **Department of Transportation (DHT)** state this proposal would exempt airlines headquartered in Missouri that purchase less than three million gallons of jet fuel per month from having to pay jet fuel tax above $150,000. The DHT estimates that Vanguard Airlines is the only airline that should be impacted. Additionally, the jet fuel cap at $1.5 million is extended until 2004.

The DHT states that their department administers state airport capital improvement and maintenance programs to assist publically-owned public-use airports. The DHT states that funding for these programs comes from a 9 cent per gallon tax on aviation gasoline (approx. $450,000) and a percentage of the sales tax on jet fuel (approx.$4,000,000). By far, the majority of funding for these programs comes from jet fuel revenues.

The DHT states that the current jet fuel sales tax exemption is for airlines after they pay $1,500,000. TWA is currently the only airline that enjoys this exemption. By extending this exemption until 2004, the DHT estimates the state will lose up to an additional $10 million to $12 million in revenues in that TWA would have paid if the exemption had expired. The DHT estimated the loss to be $10 million in FY 2004.

Oversight assumes the future loss of revenues from moving the jet fuel sales tax exemption expiration date from December 31, 2003 to December 31, 2005 is beyond the scope of this fiscal note.

Officials from the **Department of Revenue (DOR)** states at present time, the DOR administers a partial sales tax exemption for TWA on their jet fuel. The exemption requires them to pay $1.5 million per year in sales tax on jet fuel and no more. The DOR assumes with this proposal, the state would lose roughly $500,000 since smaller airlines might now receive a similar exemption. The DOR assumes there would be no administrative impact to their department.

In response to similar legislation, officials from the **Office of Administration, Budget and Planning (BAP)** state the proposed legislation would have no impact on their agency, and that they concur with the fiscal estimates provided by the Department of Transportation and the Department of Revenue.

In response to similar legislation, officials from the **Department of Natural Resources (DNR)** states the proposed legislation exempts from state and local sales and use taxes sales of aviation jet fuel to those eligible operations. These provisions may impact the amount of revenue deposited into the DNR's Parks and Soils Sales Tax Funds. The DNR assumes the Department

of Revenue will supply the necessary sales and use tax information to estimate the impact from the proposal.

In response to similar legislation from this year, officials from the **Department of Elementary and Secondary Education (DES)** assume there may be a decrease to the amount of moneys deposited into the School District Trust Fund (Proposition C). The DES state that they do not have the information available to make a fiscal impact estimate.

In response to similar legislation from this year, officials from the **City of Jefferson** assume this proposal could reduce the amount of funds they receive from the state's Aviation Trust Fund for Air Traffic Control Tower operation assistance as well as certain capital improvements at the Jefferson City Memorial Airport. The City of Jefferson receives $125,000 annually for the tower operation assistance and apply for additional monies to fund necessary capital improvements.

In response to similar legislation from this year, officials from the **City of Cape Girardeau** assume they would lose their $125,000 annual funding source as reimbursement for local costs to fund the operation of the Control Tower. They also assume they would lose additional funding which is awarded from the state's Aviation Trust Fund for capital improvement projects.

Oversight assumes the sales and use tax exemption for aviation jet fuel would result in a decrease of roughly $400,000 in total state revenues. This $400,000 would impact the Aviation Trust Fund (instead of the General Revenue Fund), the School District Trust Fund, the Conservation Fund and the Parks and Soils Fund. Oversight assumes that the decrease in revenue into the Aviation Trust Fund would not necessarily result in a decrease in loans and grants to local airports. The proposal would, however, decrease some local sales tax revenues by roughly $142,000 since jet fuel for common carriers engaged in interstate air transportation which purchase less than three million gallons of fuel per month would now be capped for sales tax on this fuel.

Oversight assumes the part of the proposal exempting TWA from the first $1 million dollars of sales tax on purchases other than aviation jet fuel will be a negative fiscal impact to all sales tax funds, including local taxing authorities totaling $1 million. Broken out the impact would be ($524,017) to General Revenue, ($174,672) to School District Trust Fund, ($21,834) to Conservation Fund, ($17,467) to Parks and Soils; ($262,010) to Local Political Subdivisions. Oversight assumes the DOR could implement this part of the proposal with no fiscal impact.

Oversight assumes the extension of the aviation trust fund until December 31, 2008 would not

fiscally impact the state for purposes of this fiscal note. Oversight assumes the increase of matching funds percentage would have an unknown negative fiscal impact to the state, and a corresponding positive unknown fiscal impact to local airports.

Senate Amendment 46: Family and Community Trust Act;

Oversight assumes this amendment will have no fiscal impact.

Senate Amendment 47: Truman State University purchase;

Oversight assumes this amendment will have an $0 to negative unknown fiscal impact to the General Revenue Fund in all three fiscal years comprised in this fiscal note.

FISCAL IMPACT - State Government	FY 2001	FY 2002	FY 2003
GENERAL REVENUE FUND			
Costs - Capital Tax Credit	($5,000,000)	($5,000,000)	($5,000,000)
Savings - Community Bank Tax Credit	$4,800,000	$0	$0
Savings - Small Business Adm. Guarantee Fee Tax Credit	$4,000,000	$4,000,000	$4,000,000
Costs - Seed Capital Tax Credit	($3,000,000)	($3,000,000)	($3,000,000)
Savings - Research and Development Tax Credit	($5,700,000)	$300,000	$300,000
Savings - Mature Worker and Individual Training Account Program	$4,000,000	$4,000,000	$4,000,000
Savings - Mature Worker Tax Credit Repeal	$2,000,000	$0	$0

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003
Loss - Appropriations to the Tobacco * Dependent Communities Revitalization Fund	(unknown)	(unknown)	(unknown)
Income - to General Revenue Fund 1% collection fee (SA 3 pt.1)	$0 to $40,000	$0 to $61,200	$0 to $62,500
Costs - Expanded definition of revenue-producing enterprise (SA 5)	(unknown)	(unknown)	(unknown)
Costs - Missouri Agricultural Investment Tax Credit Act (SA 7)	(unknown)	(unknown)	(unknown)
Cost - Department of Economic Development (BIDCOs)			
Personal service (1 FTE)	($29,884)	($36,772)	($37,691)
Fringe benefits	($9,189)	($11,307)	($11,590)
Expense and equipment	($9,157)	($6,376)	($6,567)
Total Cost - DED (BIDCOs) (SA 12 pt. 1)	($48,230)	($54,455)	($55,848)
Income - Department of Economic Development Missouri BIDCO Fees (SA 12 pt. 1)	$48,230	$54,455	$55,848
Loss - Income tax credits for contributions to microloan program and revolving loan fund (SA 12 pt 2)	$0	$0	$0 to ($2,000,000)
Costs - Department of Economic Development			
Personal Service (6 FTE)	($186,900)	($229,885)	($235,632)
Fringe Benefits	($57,472)	($70,690)	($72,456)
Expense and Equipment	($140,090)	($79,949)	($82,349)
Total Costs - DED (SA 12 pt 2)	($384,462)	($380,524)	($390,437)
Costs - Department of Revenue Programming charges (SA 12 pt 2)	$0	($50,624)	$0

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003

Loss - Appropriation to fund the Seed Capital Funds and the Microloan Program Funds (SA 12 pt 2)	($1,000,000)	($1,000,000)	($1,000,000)

–SUBJECT TO APPROPRIATION–

Costs - General Revenue Fund			
Expenses for small business regulatory review board (SA 12 pt 3)	(unknown)	(unknown)	(unknown)
Costs - Lieutenant Governor's Office			
Personal Service (3 FTE)	($97,618)	($120,071)	($123,072)
Fringe Benefits	($30,018)	($36,922)	($37,845)
Expense and Equipment	($27,683)	($5,047)	($5,198)
Total Costs - MLT (SA 14)	($155,319)	($162,039)	($166,116)
Costs - Dept. of Economic Development			
Expenses to administer pilot project (SA 18)	(unknown)	(unknown)	(unknown)
Savings - General Revenue Fund			
Nondistribution of Insurance refunds (SA 24)	$0	$0	Unknown
Costs - various state agencies			
Expenses to administer and enforce contract compliance (SA 28)	(unknown)	(unknown)	(unknown)
Loss - General Revenue			
.5% Earned income tax credit (SA 34)	$0	($2,843,840)	($3,052,863)
Loss - to General Revenue (sales tax)			
Springfield Sports Complex (SA 36)	$0	(unknown)	(unknown)
Loss - to General Revenue (sales tax)			
Jackson Co. Sports Complex (SA 41)	($1,867,555)	($2,564,776)	($2,641,719)

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003
Loss - to General Revenue (sales tax)			

St. Louis Sports Authority (SA 41)	($1,687,140)	(2,317,006)	($2,386,516)
Loss - General Revenue			
TIF - county convention and sports facilities authority (SA 43)	(unknown)	(unknown)	(unknown)
Loss - General Revenue			
Sales tax exemption to TWA	($524,017)	($524,017)	($524,017)
Loss - General Revenue			
Tax credit for purchase of land at Truman State University	$0 to (unknown)	$0 to (unknown)	$0 to (unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($4,438,493) to (Unknown)**	**($9,481,626) to (Unknown)**	**($9,799,166) to (Unknown)**

*

–SUBJECT TO APPROPRIATION–

TOBACCO-DEPENDENT COMMUNITIES REVITALIZATION FUND

Department of Economic Development (DED)

Income - Transfers from General Revenue Fund	Unknown	Unknown	Unknown
Costs - DED administrative costs	(Unknown)	(Unknown)	(Unknown)
Costs - Grants to tobacco-dependent comm.	(Unknown)	(Unknown)	(Unknown)
NET EFFECT ON TOBACCO-DEPENDENT COMMUNITIES REVITALIZATION FUND	**$0**	**$0**	**$0**

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003

VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND

Loss - Transfer to the Missouri Veterans' Business Council Fund	(unknown)	(unknown)	(unknown)

–SUBJECT TO APPROPRIATION–

MISSOURI VETERANS BUSINESS COUNCIL FUND

Income - Transfer from the Veterans Capital Improvement Trust Fund	unknown	unknown	unknown

–SUBJECT TO APPROPRIATION–

WORKERS COMPENSATION FUND

Loss - Dept. of Insurance Reduction in premium taxes	$0 to ($22,167)	$0 to ($22,167)	$0 to ($22,167)

SCHOOL DISTRICT TRUST FUND

Loss - to School District Trust Fund Springfield Sports Complex (SA 36)	$0	(unknown)	(unknown)
Loss - to School District Trust Fund Jackson Co. Sports Authority (SA 41)	($622,518)	($854,926)	($880,573)
Loss - to School District Trust Fund St Louis Sports Authority (SA 41)	($562,380)	($722,335)	($795,505)

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003
Loss - School District Trust Fund TWA sales tax exemption (SA 45)	($174,672)	($174,672)	($174,672)

Loss - School District Trust Fund

Aviation jet fuel tax exemption (SA 45)	($94,675)	($94,675)	($94,675)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	**($1,454,245) to (Unknown)**	**($1,846,608) to (Unknown)**	**($1,945,425) to (Unknown)**
CONSERVATION SALES TAX FUND			
Loss - to Conservation Sales Tax Funds Springfield Sports Complex (SA 36)	$0	(unknown)	(unknown)
Loss - Conservation Sales Tax Fund TWA sales tax exemption	($21,834)	($21,834)	($21,834)
Loss - Conservation Sales Tax Fund Aviation jet fuel tax exemption (SA 45)	($11,835)	($11,835)	($11,835)
ESTIMATED NET EFFECT ON CONSERVATION SALES TAX FUND	**($33,669) to (Unknown)**	**($33,669) to (Unknown)**	**($33,669) to (Unknown)**
PARKS AND SOIL SALES TAX FUND			
Loss - to Parks and Soil Sales Tax Fund Springfield Sports Complex (SA 36)	$0	(unknown)	(unknown)
Loss - Parks and Soil Sales Tax Fund TWA sales tax exemption (SA 45)	($17,467)	($17,467)	($17,467)
Loss - Parks and Soil Sales Tax Fund Aviation jet fuel tax exemption (SA 45)	($9,467)	($9,467)	($9,467)

FISCAL IMPACT - State Government (continued)	FY 2001	FY 2002	FY 2003
ESTIMATED NET EFFECT ON PARKS AND SOIL SALES TAX FUND	**($26,934) to (Unknown)**	**($26,934) to (Unknown)**	**($26,934) to (Unknown)**

AVIATION TRUST FUND

Loss - Aviation Trust Fund Aviation jet fuel tax exemption (SA 45)	($284,023)	($284,023)	($284,023)
Loss - Aviation Trust Fund Increased percentage match (SA 45)	(unknown)	(unknown)	(unknown)
ESTIMATED NET EFFECT ON AVIATION TRUST FUND	**($284,023) to (Unknown)**	**($284,023) to (Unknown)**	**($284,023) to (Unknown)**

COUNTY FOREIGN INSURANCE TAX

Savings - General Revenue Fund Nondistribution of Insurance refunds (SA 24)	$0	$0	Unknown

FISCAL IMPACT - Local Government	FY 2001	FY 2002	FY 2003
POLITICAL SUBDIVISIONS			
Income - Grants from Tobacco-Dependent Communities Revitalization Fund	Unknown	Unknown	Unknown
Income - St. Louis County Community Comeback Act (SA 3 pt.1) 1.	$0 to $5,940,000	$0 to $6,058,800	$0 to $6,187,500
Costs - Legal actions (SA 12 pt.4)	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT - Local Government (continued)	FY 2001	FY 2002	FY 2003
Revenue - St. Louis City sale of bonds (SA 18)	Unknown	Unknown	Unknown
Costs - St. Louis City renovation of houses (SA 18)	(Unknown)	(Unknown)	(Unknown)
Revenue - St. Louis City			

Court Filing Fee (SA 18)	Unknown	Unknown	Unknown
Costs - various state agencies Expenses to administer and enforce contract compliance (SA 28)	(unknown)	(unknown)	(unknown)
Loss - Springfield Sales Tax Funds for Sports Complex (SA 36)	(unknown)	(unknown)	(unknown)
Revenue - Jackson Co. Sports Auth. (SA 41) 2.	$2,490,073	$3,419,702	$3,522,292
Revenue - St. Louis Sports Auth. (SA 41) 2.	$2,249,520	$3,039,341	$3,182,021
Revenue - Political Subdivisions (SA 43)	unknown	unknown	unknown
Expenses - Political Subdivisions (SA 43)	(unknown)	(unknown)	(unknown)
Loss - Political Subdivisions (SA 45) TWA sales tax exemption	($262,010)	($262,010)	($262,010)
Loss - Local Political Subdivisions Aviation jet fuel tax exemption (SA 45)	($142,013)	($142,013)	($142,013)
Income - Local Political Subdivisions Increased match percentage for airports	unknown	unknown	unknown
NET EFFECT ON POLITICAL SUBDIVISIONS	**UNKNOWN to (UNKNOWN)**	**UNKNOWN to (UNKNOWN)**	**UNKNOWN to (UNKNOWN)**
FISCAL IMPACT - Local Government (continued)	FY 2001	FY 2002	FY 2003

1. **This proposal is permissive and would require voter approval before the use tax would become effective.**

2. **Subject to Appropriation**

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses.

DESCRIPTION

This substitute makes various changes to economic development programs.

The substitute permits new generation cooperatives formed in Missouri to participate in the Neighborhood Assistance Act.

Organizations which perform community service or economic development activities are permitted to qualify as neighborhood organizations under the act by contributing to the construction of a building used to sell agricultural food products produced in Missouri by members of a new generation cooperative, but are limited to $2.5 million in tax credits for fiscal year 2002 to fiscal year 2006. Under the act, business firms making contributions to neighborhood organizations receive tax credits.

The proposal also makes several changes to the "Community Improvement District Act". Community improvement districts (CIDs) create a special benefit district to allow districts to assess and tax themselves for community improvement and services. The changes include changing the definition of "per capita" to include any entity having sole fee ownership of a parcel or real property located within a district. The proposal also contains other clarifying language regarding voting rights, petition stipulations and real property distinctions located within such districts. This part of the proposal also allows any district, by resolution, to impose a district sales tax on all retail sales at a rate of one-eighth of one percent, one-fourth of one percent, three-eighths of one percent, one-half of one percent, or one percent. This sales tax is subject to voter approval and ballot language is included.

This proposal also modifies several tax credit programs administered by the Department of

DESCRIPTION (continued)

Economic Development for enhanced programmatic control and oversight. Programs modified include:

1. Low-income housing tax credit;

2. Community Bank and Small Business Investment tax credits;

3. Rebuilding Communities and Neighborhood Preservation Act tax credits;

4. Tax credits for businesses relocating to distressed Communities;

5. Tax credits for transportation development activities in distressed communities;

6. Deletes program giving credits for amounts paid to the U.S. Small Business Administration;

7. Tax credits for contributions to innovation centers;

8. Tax credits for remediation activities on abandoned properties;

9. Tax credit allowed for job training programs;

10. Tax credits for qualified research expenses;

11. Requires the DED to provide for an independent evaluation of the program every two years and must submit an annual tax credit allocation plan to the joint committee on economic development policy and planning;

12. Deletes the Mature Worker Child Care Program;

This proposal establishes the Family and Community Investment Trust to provide leadership through a public-private partnership to improve the well-being of Missouri's families, children, individuals, and communities. The trust is to be governed by a board comprised of the directors of the Departments of Corrections, Elementary and Secondary Education, Health, Labor and Industrial Relations, Public Safety, Economic Development, Mental Health, and Social Services as well as 9 private sector members.

This proposal also makes a technical changes in the definition of recyclable cellulose and

requires the Department of Natural Resources to certify that the cellulose used to package meats is recycled.

This proposal also establishes the Tobacco-Dependent Communities Revitalization Fund in the state treasury. The fund may receive appropriations from the state general revenue fund.

Moneys in the fund will be used solely for providing grants to certain sponsoring organizations which provide plans to reverse the dependence of tobacco-dependent communities on tobacco production and that revitalize the area. The Office of Rural Development will administer the grant program.

No grant will be awarded after August 28, 2012. Any moneys remaining in the fund after August 28, 2018, will revert to general revenue.

These provisions will expire on August 28, 2018.

SA 3 (pt 1) establishes the Community Comeback Act. In its main provisions, the amendment:

1) Authorizes the establishment of a community comeback trust for St. Louis County, whose primary duties include the prevention of neighborhood decline, demolition of abandoned buildings, cleaning of polluted sites, and the promotion of neighborhood reinvestment;

(2) Provides that the county executive is to appoint the 7 members of the community trust board from a list of nominees supplied by any member of the St. Louis County Council and the chief elected officer of any municipality wholly within St. Louis County. The criteria for and terms of board membership are outlined;

(3) Gives exclusive control of the expenditure of moneys collected to the credit of the trust, subject to annual appropriation by the county council, to the trust board and limits the administrative costs of the trust to no more than 5% of the trust's annual budget;

(4) Requires the county government to provide trust staff;

(5) Authorizes the trust to issue and refund bonds, notes, or other obligations for any proposal and to receive and liquidate property; the trust is not, however, authorized to use the power of eminent domain. Bonds issued by the trust are exempt from state income taxes;

<u>DESCRIPTION</u> (continued)

(6) Requires the trust board to notify all municipalities within St. Louis County and the county council of the requirement to conduct a planning process and adopt a community comeback plan;

(7) Requires the board to hold public hearings and to solicit input from the county and municipalities regarding the development of the community comeback plan. The board and the county council are to annually revise and adopt a plan;

(8) Requires each plan to include a housing stock and market analysis of the impediments to attracting home buyers. In addition, each plan is to address the factors related to the occurrence of assessed values below the county average, median household incomes below the county median, unemployment rates above the county average, building vacancies, and lack of home value growth;

(9) Requires each plan to outline the specific strategies to address the specific problems

encountered in various regions and neighborhoods in the county;

(10) Requires the board to produce an annual report outlining what has been accomplished in relation to the goals outlined in the community comeback plan;

(11) Requires the board to commission an annual financial audit and an independent management audit every 5 years;

(12) Requires the board to establish an 11-member advisory committee, with members appointed by the county executive. The qualifications and length of terms of committee members are outlined. The advisory committee is charged with advising the board, board staff, or petitioners who include the governing body of any municipality or St. Louis County, any land clearance for redevelopment authority in St. Louis County, or any not-for- profit organization;

(13) Authorizes the board to begin accepting petitions for funding from the trust one month after the community comeback plan is adopted. The criteria which must be addressed in a petition are outlined and include addressing how the reinvestment needs of a neighborhood will be met by reducing or removing impediments to home buyers; providing physical infrastructure to promote job growth; or reducing or removing threats to public health, safety, morals, or welfare;

(14) Authorizes the board to award funding to a petitioner if the petitioner's proposal involves an eligible project with eligible expenses and is well planned, realistic, creative, resourceful, cost-effective, and benefits the local community;

<u>DESCRIPTION</u> (continued)

(15) Requires the board to establish a Select Neighborhood Action Program (SNAP), which provides neighborhood improvement grants requiring a 10% cash or in-kind match from applicants. SNAP grants may only be made for projects capable of being completed within 12 months, which do not duplicate existing programs, do not require ongoing funding or services, and do not conflict with the community comeback plan;

(16) Outlines the categories for eligible SNAP grants, including neighborhood beautification projects, neighborhood organization or capacity projects, neighborhood-school partnership projects, capital purchase projects which include the acquisition of equipment or property, and neighborhood local infrastructure improvements;

(17) Allocates a minimum of 5% of trust funds, not to exceed $500,000, for SNAP grants;

(18) Authorizes one-half of the county use tax (if imposition of the use tax is approved by voters as required in current law) to be used for funding the community comeback trust;

(19) Changes the ballot language for submitting the use tax for voter approval, so that a description of the purposes for which the use tax will be used is included on the ballot;

(20) Authorizes the use tax to be described as the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers and on certain intrabusiness taxable transactions; and

(21) Adds St. Louis County to the definition of "city" for the purpose of qualifying for Chapter 353 urban redevelopment assistance.

SA 4 establishes that an economic development plan be prepared and submitted with all future gaming licenses to the Gaming Commission and that the Gaming Commission give priority to those cities and counties where no current excursion gambling boat exists and also to this economic development plan.

SA 5 changes the definition of revenue-producing enterprises for the expanded business facility tax credit.

SA 6 allows long term care facilities to be classified as a "high demand industry" in order to qualify for the skills development tax credit.

DESCRIPTION (continued)

SA 7 creates the Missouri Agricultural Investment Tax Credit Program. Taxpayers who qualify as farmers under federal and state law will be allowed to take a 10% state income tax credit for the cost of any item which is allowed as an expensing item election under federal law. The maximum credit will be $5,000 per taxpayer per year. The credit is not refundable, but excess credits may be carried back 3 tax years or forward 5 tax years. The credit will apply to tax years 2000 and thereafter.

SA 8 authorizes the appointment of a sixth commissioner for a municipal housing authority. A sixth member may be appointed to meet federal requirements that the authority must have a member who receives direct assistance from the housing authority. Any commissioner appointed under this section shall forfeit his or her position if he or she ceases receiving direct assistance from the housing authority. This act does not apply to housing authorities located in St. Louis City, Kansas City or any other jurisdiction which is exempt from the federal requirement.

SA 10 states that any zoning ordinance or order granting a conditional use permit adopted by the governing legislative body of Jackson County shall:

1. Be deemed enacted thirty days after passage; and

2. Not be subject to any veto power or other power to disapprove such ordinance from the executive of Jackson County.

SA 11 defines Accredited institution of higher education for the Family Development Account Program.

SA 12 (pt 1) authorizes the creation of Business and Industrial Development Companies (BIDCOs) to provide financing assistance and management assistance to business firms.

The Business and Industrial Development Company (BIDCO) is licensed by the Director of the Department of Economic Development. Rules and licensing requirements are set by the Director to ensure that the BIDCO operates to provide such financing assistance and a return on investments in a sound manner.

This proposal removes the provision allowing the Department of Economic Development to define an "emerging industry" as it relates to a "qualified Missouri stage development business" which would qualify for CAPCO investment assistance.

SA 12 (pt 2) establishes the Missouri Veterans' Business Council within the Department of Economic Development (DED). The council is comprised of 15 members, appointed by the

Governor with the advice and consent of the Senate, representing veteran business owners, disabled veteran business owners, and the veteran service community. The Lieutenant Governor and Director of DED serve as ex officio members of the council. The council's duties include identifying veteran-owned and disabled veteran-owned businesses; reviewing state policies and programs for their impact on these businesses; monitoring state and local legislative proposals; providing public information; providing seed capital for start-up veteran-owned businesses; establishing a microloan program and revolving loan fund for entrepreneurial support programs; and administering the newly created Missouri Veterans' Business Council Fund. This fund may receive appropriations made by the state and moneys from transfers authorized by the Missouri Veterans' Commission from its Capital Improvement Trust Fund. Beginning January 1, 2002, taxpayers contributing money or property to any microloan program or revolving loan fund established by the Missouri Veterans' Business Council may receive a 50% credit against income taxes, corporate franchise taxes, or taxes on financial institutions. Credits exceeding the tax liability may be carried back 3 years or carried forward 5 years, and may be assigned, transferred, or sold. The total amount of tax credits may not exceed $2 million each year.

SA 12 (pt 3) would change procedures for state agencies to adopt rules which would affect small businesses. (Small businesses would be defined as those employing less than 100 persons.) The proposal would allow small businesses to petition agencies for regulatory review, require agencies to periodically make administrative reviews of rules which would affect small businesses, and establish an independent regulatory review board which could make recommendations to adopt, amend, or repeal rules affecting small businesses. This amendment would also require state agencies to provide an opportunity for small businesses to comply with rules and regulations they violated without the agencies assessing administrative penalties.

SA 12 (pt 4) states that no ordinance adopting a redevelopment plan, project or area, or amendment thereto shall be valid unless first referred to the commission. School districts and other taxing entities will shall have standing to challenge various items and may commence legal actions.

SA 14 establishes a small business advocate within the Lieutenant Governor's Office. The duties of the small business advocate include providing advice and support to small businesses in adjudicatory and contested proceedings, negotiating small business matters with federal, state and county agencies, promoting rules and laws favorable to small businesses, and referring matters to the State Auditor. The small business advocate is required to submit an annual report to the General Assembly.

DESCRIPTION (continued)

SA 15 limits the Missouri Small business tax credits available to businesses engaged solely in pharmaceutical research and development to one million dollars. Previously, at least one million dollars was earmarked to that sector.

SA 18 gives the Missouri housing development commission and the City of St. Louis authority to issue bonds to fund a pilot program to renovate abandoned houses. It also establishes a jobs training program funded by a five dollar court filing fee.

SA 19 authorizes the removal of real property from the Springfield Community Improvement District (CID), or relocation from a certain zone of designation to a different zone of designation.

In order to move or remove such property the city must conduct a hearing. The District Board of Directors must consent to the relocation or removal of the property and the District must be able to meet any financial obligation excluding the revenues generated by the property petitioning for removal or predesignation.

SA 20 would prohibit the utilization of non-compete clauses in certain situations and would clarify the extent to which they may be used in other situations. A new Section 334.108 would make covenants not to compete enforceable except when they would be part of a physician's contract with a not-for-profit health services corporation as defined in Section 354.010. Covenants with other health care facilities would enforceable as long as they: 1. Do not deny the physician access to a list of patients the physician saw within a year of contract termination; 2. Provide access to patient medical records with the patient's consent and in an accessible format; 3. Provide for a buy-out of the covenant by the physician at a reasonable price; and 4. Provide that the physician would not be prohibited from providing continuing treatment to specific acutely ill patients after the contract has terminated.

SA 21 changes the description of the town described in RSMo. 71.014.

SA 22 holds any person acting in the course of general duties not personally liable regardless of the date of the act, unless it was an intentional criminal act.

SA 23 requires rental real estate owners, including limited liability corporations, in Kansas City to designate an agent to accept service of process and register the agent with the City by January 1, 2002 and every July 1st thereafter.

SA 24 would change the way expenses for insurance company examinations are charged against

DESCRIPTION (continued)

premium tax liability. These expenses, if greater than tax liability, would no longer cause refunds but could be carried forward indefinitely..

SA 27 addresses the Community Comeback Act, which was also adopted in SA 3.

SA 28 prohibits anyone that is in violation of any statute or regulation with relates to the performance of its contract, will be prohibited from entering into any contract with the state for three years.

SA 29 expands the uses and allows a tax rate for Community Improvement Districts.

SA 30 would allow insurance carriers to take a tax credit on the taxes they pay on net deposits, net premiums or net assets of insurance carriers under the worker's compensation statute.

SA 31 & 32 would provide that in the event that a county sewer and water district becomes the successor to any joint municipal utility commission established by the district and any of the contracting entities including municipalities, public water supply districts, sewer districts, nonprofit water companies, and nonprofit sewer companies then, upon the petition of the board of directors to the circuit court, the court would redraw the boundaries of the district to include any area previously served by the dissolved joint municipal utility commission that the successor district intends to serve.

SA 33 would allow taxing districts on or after July 1, 2001 to register its approval by adoption of a resolution to include payments in lieu of taxes and payments of new revenue generated in the tax increment allocation financing.

SA 34 authorizes, for all taxable years beginning on or after January 1, 2001, a state income tax credit equal to one-half percent of the amount which a taxpayer claims as a federal earned income tax credit. The credit is refundable to the extent that the credit exceeds the amount of tax due or may be carried forward to a subsequent taxable year. The Department of Revenue is required to notify potential claimants of their eligibility.

SA 36 allows any project approved and adopted by a political subdivision located within a city having a population of at least one hundred forty-nine thousand, located in a noncharter county of the first classification with a population of at least two hundred seven thousand, which has complied with subsections 4 to 12 of section 99.845, RSMo, in addition to the payments in subsections 1, 2, 3 and 10 of section 99.845, RSMo, an additional fifty percent of new state

DESCRIPTION (continued)

revenues may be appropriated by the general assembly in accordance with procedures in subsection 10 of section 99.845, RSMo, provided new sales tax revenues generated by sales inside or on the grounds of, or sales of tickets to any event in, or parking associated with a project defined by section 67.639, RSMo, are used solely for the purpose of development and construction of the project.

SA 39 includes a portion of the Kansas City area as a distressed community.

SA 40 changes the name from the Family and Community Trust Committee to the Caring Communities - Children's Services Commission Oversight Board.

SA 41 - subject to appropriation and in addition to existing appropriations, this amendment requires that the state portion of all sales tax revenue generated within the Harry S Truman Sports Complex be placed in the Jackson County Convention and Sports Complex Fund and used solely for maintaining and refurbishing the complex. It also requires that the state portion of all sales tax revenue generated within the St. Louis Sports Authority Complex be placed in the Fund earmarked for maintenance and refurbishment of such complex.

SA 42 adds an entity that may apply for grants from the state for the purpose of conducting health research, including research into the prevention and cessation of smoking.

SA 43 would allow taxing districts with a site of a county convention and sports facilities authority to receive special financing to receive up to fifty percent of the new revenues generated by this proposal.

SA 45 limits the sales tax paid on jet fuel by common carriers engaged in interstate air transportation headquartered in Missouri but having fuel consumption of less than an average of 3 million gallons of aviation jet fuel per month to a cap of $150,000. It also exempts the first $1 million in sales tax revenue to TWA. It also extends the end date of the aviation trust fund to December 31, 2008. It also increases the matching funds percentage that the state pays for projects at local airports from eighty to ninety percent.

SA 46 states that the provisions of the Family and Community Trust Act shall expire on January 1, 2004.

SA 47 gives a 50% tax credit on the difference between the market price and the transaction price of a corporation selling land to Truman State University.

DESCRIPTION (continued)

The substitute contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program, but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of the Secretary of State
Department of Health
University of Missouri - Outreach Program
Department of Social Services
Department of Natural Resources
Department of Agriculture
Office of Administration
State Tax Commission
City of Springfield
Office of the State Treasurer
Department of Economic Development
City of St. Louis
City of Kansas City

Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Department of Mental Health
Department of Corrections
Department of Public Safety
St. Louis County
Attorney General's Office
Office of the State Courts Administrator
Veterans' Commission
Gaming Commission
Department of Higher Education
Department of Conservation
Department of Transportation
Office of the State Auditor
Office of the Lieutenant Governor

SOURCES OF INFORMATION (continued)

Office of the Governor
House of Representatives
Department of Insurance
Missouri Consolidated Health
Jackson County Sports Complex Authority
City of Jefferson
City of Cape Girardeau

Jeanne Jarrett, CPA
Director
May 11, 2000